Introduction

Over the last year, the Department of Education (ED) and the Office of Student Financial Assistance (OSFA) have made the renovation of data systems to address Year 2000 (Y2K) computer bug problems a top management priority. All "mission critical" ED systems that support the OSFA student aid programs have been fully renovated, validated, and implemented, and end-to-end testing with our data exchange partners is planned for April 12, 1999, through September 20, 1999. The Department is confident that there will be a relatively low risk of serious date-related problems as we move into the year 2000.

Nonetheless, several basic facts compelled the Department to establish a strong Student Financial Assistance Business Continuity and Contingency Planning (BCCP) effort. First, student aid delivery and administration have become increasingly computer-dependent. Second, ED's data systems and programs are highly complex and reliant on the use of dates. Third, our systems and processes are highly dependent on data exchanges with business partners (other federal agencies, postsecondary institutions, banks, state agencies, and guaranty agencies) whose Y2K renovation efforts are beyond our control.

Fourth, a great deal is at stake. In fiscal year 2000 nearly nine million students will apply for and receive student financial aid, authorized under title IV of the Higher Education Act, totaling over $50 billion. Any disruption in the delivery of aid or any damage to the integrity of student aid data records could seriously harm the nation's postsecondary students and educational institutions as well as the interests of taxpayers.

Last but not least, several committees of Congress, the General Accounting Office, the Office of Management and Budget, and our partners in the postsecondary community all appropriately expect that we take year Y2K contingency planning very seriously.

This document is a report to our student aid business partners and to interested groups regarding our Student Financial Assistance BCCP project. The report identifies: eight core business processes and numerous key sub-processes, normal and emergency levels of performance, potential failure scenarios, and a variety of risk mitigation strategies and contingency plans addressing potential failures.

It should be clearly understood that all references herein to Department contingency plans and risk mitigation strategies are not final. We will continue to develop the detailed risk mitigation and contingency plans based on the results of our consultation with the financial aid community and the results of the plan testing. In addition, some of the risk mitigations and contingency plans require Treasure Department and Office of Management and Budget approvals and Congressional waivers of statutes.

Before proceeding, we should also make it clear that student financial assistance contingency planning requires a high degree of cooperation, communication, and mutual understanding among business partners.   We have conducted an aggressive outreach and awareness program with our business partners:

        *Conducted nine focus groups across the country.
        *Presented at over 50 student financial aid professional conferences.
        *Presented at four Department of Education conferences.
        *Held a teleconference hosted by Sec. Riley and John Koskinin, Chair, President's Council on Y2K.
        *Posted two solicitations for community comments on ED's Web site
        *Developed a Y2K Readiness Kit as a reference tool for the community.
        *Conducted readiness surveys of postsecondary institutions, guaranty agencies, and school third party servicers.

This outreach and awareness effort will continue through the remainder of the year. We will also continue to solicit feedback from our business partners through focus groups, conference presentations, and Web site postings. Our plans will be revised as a result of our business partners' comments.

Finally, we must emphasize that, from the perspectives of postsecondary institutions and other OSFA business partners, there are two essential means of mitigating the risk of Y2K data system problems. Both are entirely outside the control and responsibility of the Department of Education. First, an institution's own data systems must be thoroughly assessed, renovated, and tested for Y2K compliance. Second, an institution should establish its own thorough business continuity and contingency planning process.